

(2) The costs covered by paragraph (1) are costs of compensation paid with respect to services of any one officer to the extent that the total amount of the compensation paid in a fiscal year exceeds \$250,000.

(c) DEFINITIONS.—In this section:

(1) The term "head of an agency" has the meaning provided in section 2302 of title 10, United States Code.

(2) The term "executive agency" has the meaning provided in section 3 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 472).

(3) The term "covered contract" means—
(4) with respect to procurements subject to chapter 137 of title 10, United States Code, has the meaning provided by section 2324(1) of such title; and

(5) with respect to procurements subject to title III of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 251 et seq.), has the meaning provided by section 306(1) of such Act (41 U.S.C. 256(1)).

(4) The term "compensation" means—
(6) the total amount of wages as defined in section 3401(a) of the Internal Revenue Code of 1986 for the year concerned; and

(7) the total amount of elective deferrals (within the meaning of section 402(g)(3) of such Code) for the year concerned.

(5) The term "officer" means a person who is determined to be in a senior management position as established by regulation.

(d) REVIEW.—The Administrator for Federal Procurement

Policy, in consultation with the Secretary of Defense, shall conduct a comprehensive review of the levels of compensation received by senior executives of corporations performing a significant amount of business with the Federal Government in order to determine the appropriate cost allowability policy in this area. Such a review should include the following:

(8) In consultation with the Secretary of the Treasury, an examination of the appropriate definition and treatment of compensation, including deferred compensation.

(9) An examination of the appropriate definition of senior executive positions and any other positions that should be covered under the cost allowability policy.

(10) An examination of how to apply the cost allowability policy to individual contracts and aggregations of contracts within a corporation.

(11) Any other matter related to the cost allowability of executive compensation that the Administrator considers appropriate.

President.

(e) LEGISLATIVE PROPOSAL.—Not later than March

1, 1997,

the President shall submit to Congress a legislative proposal incorporating the conclusions reached by the review conducted under subsection (d) and establishing a statutory standard on the cost allowability of executive compensation.

**SEC. 810. EXCEPTION TO PROHIBITION ON
PROCUREMENT OF
FOREIGN GOODS.**

Section 2534(d)(3) of title 10, United States Code, is amended by inserting "or would impede the reciprocal procurement of defense